

C. THE WHOLESALE SERVICE PROVIDER: Wholesale Provider Corporation

Once the call reaches the Wholesale Provider switch, the Wholesale Provider call processing system identifies the call, plays a prompt identifying the carrier (NCI) and completes the call to Jane's sister's house.

The remainder of the call processing for this call and for the second, successful is functionally the same as that described in Example #2. Wholesale Provider uses Validation Services Inc. to verify that the BOC Calling Card number is valid

Because of capacity considerations on the NCI network, the call is terminated on Long Haul Networks and Complete-a-Call Long Distance as described in Example #2, even though NCI has their own facilities.

Unlike Dial-a-Call, however, NCI does not use Operator Billing Company, but deals directly with the local exchange provider to have the charge for the call included on Jane's bill.

Revenue - As the service provider, the gross revenue to Wholesale Provider is the retail price of the call \$2.18

Costs - The Wholesale Provider pays several different parties for processing and billing Jane's call:

NCI Long Distance - \$0.075 per minute for allowing Wholesale Provider to use the NCI network to originate two 5 second call set-ups and the 5.5 minute call: \$0.43

NCI Long Distance - 15% commission on \$2.18 retail value plus \$0.32 because Wholesale Provider is not providing Billing and Collections: \$0.55

Validation Services, Inc. - \$0.06 each time a validation request was made to the external database, times two call attempts: \$0.12

Long Haul Networks - \$0.01 per minute for one 15 second completion attempt and one 5.5 minute call: \$0.06

Complete-a-Call Long Distance - \$0.055 per minute for 15 seconds of set-up time and for terminating a 5.5 minute call \$0.32

Total Costs: \$1.48

D. THE VALIDATION PROVIDER: Validation Services, Inc.
F. THE NETWORK COMPANY: Long Haul Networks
G. THE TERMINATING SWITCHED CARRIER: Complete-a-Call Long Distance
H. THE TERMINATING LOCAL EXCHANGE COMPANY: Michigan Bell

Services provided, revenues and costs are the same as those in Example #2, prior to implementation of BPP.

I. THE BILLING LOCAL EXCHANGE COMPANY: Pacific Bell

**Summary -- Example #4: Charging the call to a BOC Calling Card
-- Post-BPP**

Revenue

The Posh Hotel

Revenue	\$1.25
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$1.25

Illinois Bell

Revenue	\$0.52
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$0.52

NCI

Revenue	\$0.76
Costs	<u>(\$0.52)</u>
Net Revenue.....	\$0.24

Wholesale Provider

Revenue	\$2.18
Costs	<u>(\$1.48)</u>
Net Revenue.....	\$0.70

Validation Services

Revenue	\$0.12
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$0.12

Long Haul Networks

Revenue	\$0.06
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$0.06

Complete-a-Call Long Distance

Revenue	\$0.32
Costs	<u>(\$0.22)</u>
Net Revenue.....	\$0.10

Michigan Bell

Revenue	\$0.20
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$0.20

Pacific Bell

Revenue	\$0.22
Costs	<u>(\$0.00)</u>
Net Revenue.....	\$0.22

<u>Party</u>	<u>Costs</u>	<u>Dollars</u>	<u>% Contribution</u>
Jane Doe			
Revenue		\$0.00	
Costs		<u>(\$3.43)</u>	
Net Cost		\$3.43	

Conclusion

From the pre- and post-BPP call examples we've prepared, you'll see that we've given the benefit of the doubt in several cases (post-BPP access charge increases to account for infrastructure improvements, higher network costs by interexchange companies to account for the same, etc.) about the cost increases associated with BPP, as well as with the associated processing times. Given the lack of hard data, it seemed prudent to do so. As a result, you'll notice that the participating parties make as much money -- or more -- in our post-BPP examples as they did on the pre-BPP calls. Nonetheless, the rationalization given by many parties that the money currently used to pay commissions to participants could be used to pay those costs is unrealistic. **If the participants don't get the money from the other participants through commissions, they will get it some other way, and the consumer will pay in the end -- just as Jane did in the post-BPP examples.**

There is one other major difference between the "before" and "after" scenarios. Post-BPP, the third tier originating carrier is not in the picture.

Does the consumer really benefit in the end from BPP? Or does someone have to pay? Does BPP foster competition? Or are competitors eliminated from the market?

Alternatives

BPP has been under consideration for several years -- what has happened during that time to mitigate the need for it as originally perceived? It will be several years before BPP could be completely implemented. What could be done during that time frame to obviate any need for it?

It would appear that the goal of Billed Party Preference would be to give the consumer a way to dial operator-assisted calls so that the service provider -- and the provider's rates -- are known to the consumer. Currently, however, a consumer, has the right to know who the preselected operator service provider is for any telephone; to ask the provider to disclose how much a call will cost prior to placing the call; and to access a different provider if they don't like the looks of either of the first two things, all courtesy of TOCSIA. These elements would appear to satisfy the needs BPP was conceived of to fill, and yet, they must not, or BPP would not still be alive. We believe that the problem is not an insufficiency in the rules of TOCSIA, but a lack of structure and enforcement around their implementation.

For example, at one point, the FCC stated that "universal establishment of 10XXX codes should be our long term goal."¹⁴ A significant investment of both time and money has been made by payphone owners, aggregators and others in pursuit of this goal, which allows consumers to select a carrier for zero-dialed calls. It would appear that consumers are already dialing around the presubscribed OSP in increasing numbers, based on the November 1992 FCC final report to Congress on its implementation of the TOCSIA law. Appendix N to this report was an analysis of the operator services data submitted by major operator service providers. One of the assumptions of the report was that for "away from home" calling patterns, about one-third of the calls were "dial around," that is, used some form of access code dialing. We recently had the opportunity to speak with the author of this report, who now believes that the dial around percentage is closer to fifty percent. Clearly, the consumers are becoming more comfortable with access code dialing, which works now and requires only some additional education to make sure that everyone knows how to use it. Exhibit II details an account of another educational effort and the resistance perceived to it; in retrospect, it seems truly ridiculous.

Unblocking and other requirements of TOCSIA have worked to mitigate many of the problems encountered by the transient public, but they need to be "fleshed out" to eliminate opportunities for inconsistency that may trip up consumers. For example:

- Branding and posting requirements should include specified formats for the posted information, and even specify the media on which the information should be posted. The latter is especially important at public payphones where destruction of posted materials is not uncommon. Much of the information that is currently posted, whether required or not, is redundant. For example, see Exhibit III, a typical payphone posting.
- Illinois Bell will have some cost associated with the LIDB queries. This will very probably be offset with revenue received for providing the same service on behalf of Illinois Bell subscribers. Illinois Bell will have some cost associated with the LIDB queries. This will very probably be offset with revenue received for providing the same service on behalf of Illinois Bell subscribers. Illinois Bell will have some cost associated with the LIDB queries. This will very probably be offset with revenue received for providing the same service on behalf of Illinois Bell subscribers.
- The consumer should have an easier, standardized way to inquire for rates. For example, it is quite feasible to announce, "If you would like to know the cost of this call, press * now." Perhaps the price of a call should automatically be announced for every call, or perhaps it should only be required if rates were above an FCC-

¹⁴As quoted in Phone+, April 1991, p. 11

determined acceptability level, with extreme and enforced penalties for failure to comply.

- It may be necessary to take the drastic step of imposing a rate cap on operator services. Such a cap could be at the predominant (AT&T) rates, or some percentage thereof. The important thing to remember here is that AT&T's costs related to the provision of operator services have never been fully examined, and it should be ascertained that those costs are accounted for in AT&T's pricing before any cap based on that pricing is formulated.
- Public education on access code dialing should be done in any case. The nation's dial plan has been laid out for years -- there is no reason not to teach school children how to use the public switched network (as well as what happens to those who use it illegally). We tend to tell the resident public the minimum that they need to know to use their local system, forgetting that people are much more mobile -- and the system much more dynamic than it used to be. A suggested format for inclusion of local dial plan information in telephone directories would be helpful, not just in terms of "dial this to reach that" but rather "this is an equal access area. Accessible carriers at [time of publication] included.... whose access code is".

Implementation of BPP has some notential benefit for a few consumers while the

TELEPHONE RATE SURCHARGE INFORMATION

- A. All direct dial long distance and international calls will be charged at AT&T operator assisted rates.
- B. AT&T rate information may be obtained by touching 8

DIALING INSTRUCTIONS

- I. ROOM TO ROOM To Reach Floors 5 Through 9,
Touch 7 + Room Number.
To Reach Floors 10 Through 40,
Touch Room Number.
- J. ADMINISTRATIVE Touch the 2 or 4 Digit Number.
- K. LOCAL CALLS and 950 NUMBERS Touch 9 + Phone Number (\$25 access)

TELEPHONES

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**Many Citizens Organizing
To Fight Number Dialing**

By Peter J. Hayes

SAN FRANCISCO (UPI)—

A San Francisco housewife

nicked up her telephone di-

Today 18 million of the 77

million of the

million telephones in the

U. S. have ANC. The total

"There are legal channels

to voice our protests and we

plan to use them," he said.

our

Wants Debate

The Anti-Digit Dialing

League challenged the phone

League challenged the phone

CALLING CARD		LLAMADA POR TARJETA	
LOCAL	DIAL 0 + NUMBER	LOCALES	MARQUE 0 + EL NUMERO
LONG DISTANCE	DIAL 0 + NUMBER	LARGA DISTANCIA	MARQUE 0 + EL NUMERO
WAIT FOR SPECIAL TONE, THEN ENTER CARD NUMBER		ESPERAR POR TONO ESPECIAL MARCAR EL NUMERO DE LA TARJETA	
COLLECT		POR COBRAR	
LOCAL	DIAL 0 + NUMBER	LOCALES	MARQUE 0 + EL NUMERO
LONG DISTANCE	DIAL 0 + NUMBER	LARGA DISTANCIA	MARQUE 0 + EL NUMERO
DIRECT DIAL		LLAMADA DIRECTA	
LOCAL	DIAL NUMBER	LOCALES	MARQUE 0 + EL NUMERO
LONG DISTANCE	DIAL 1 + NUMBER	LARGA DISTANCIA	MARQUE 1 + EL NUMERO
DIRECTORY ASSISTANCE		DIRECTORIO INFORMACION	
LOCAL INFORMATION	DIAL 1411	LOCALES	MARQUE 1411
LONG DISTANCE INFO.	DIAL 1 + 555-1212	LARGA DISTANCIA	MARQUE 1 + 555-1212

Charges for are not regulated, and rates are available upon request by dialing * 1
For Repair of this equipment or Refund dial 211 or write:
Complies with Part 68, FCC Rules • FCC Registration No. E H S59E-72956-CX-T • Ringer Eq. 0.2A 0.3B

Exhibit III